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AGRICULTURAL OUTLOOK DIGEST

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Some 1962 year-end highlights:

● Realized gross farm income, up about \$700 million from 1961 to \$40.6 billion...Realized net income, up about \$100 million from \$12.8 billion...Average net per farm, up 4 percent to record high of \$3,500.

● Higher average prices for farm products pushed cash receipts to \$35.7 billion from \$35.2 billion in 1961...There was little change in volume of marketings...Crop prices averaged 2 percent higher, livestock and livestock product prices 1 percent higher.

● Cash receipts from cattle and calves, cotton, truck crops, and broilers were above 1961 level...Reductions occurred in receipts from wheat, citrus, eggs, and dairy products...Government payments to farmers rose about 20 percent over \$1,484 million paid in 1961...Feed Grain and Wheat Programs contributed most to increase.

● Production expenses rose about \$600 million in 1962, to \$27.7 billion, offsetting most of gain in realized gross farm income...Prices paid by farmers for production items, interest, taxes, and wage rates went up almost 2 percent...Prices of all major input items increased--except fertilizer and building and fencing materials...Prices paid for replacement and feeder livestock and seed rose 4 percent...Feed prices increased average of 1.5 percent.

A look ahead:

LIVESTOCK--Red meat production in first half of 1963 likely will be up from a year earlier...Supply will include more beef and pork, less veal, lamb and mutton...Large supplies of fed beef are in prospect...Choice steer prices are expected to fall below year-earlier levels in late winter and continue below at least through June.

Hog slaughter is expected to increase sharply in late winter and continue at high level through spring...Barrow and gilt slaughter during March-June likely will be near record high set for these months in 1944...Prices for slaughter hogs probably will continue to average below a year earlier through early summer...Pig crop this spring is expected to total about 51.5 million head, 4 percent more than a year before, about 4 percent below 1951-60 average.

First-quarter slaughter of sheep and lambs may be as much as 15-20 percent under year-earlier level...Farm prices for lambs during January-March will reflect reduced supplies, probably will average about \$2 above last year's.

DAIRY--So far in first quarter, farmer prices for all wholesale milk are averaging about 15 cents per hundredweight under \$4.28 a year earlier...Prices

for manufacturing milk are seasonally above support of \$3.14...Prices for milk eligible for fluid use are moving down as percentage used for Class I declines seasonally...During first quarter this year, CCC purchases of dairy products under price support program will be below record highs of a year earlier...Reasons: some increases in consumption from commercial sources, less production increase than a year ago, more stable market situation.

POULTRY AND EGGS--Egg production in early 1963 is likely to continue slightly under early 1962 level because of smaller flock, although rate of lay may be up some...Supplies of broilers going to market in first quarter will be about 10 percent greater than in January-March 1962...Broiler prices may continue below a year earlier through first quarter...A little more turkeys likely will be raised in 1963 than the 92 million in 1962...Prices this half are expected to continue much higher than a year before.

WOOL--World prices are expected to remain at relatively high levels of early 1963 until after Easter...This reflects short supply in most producing and consuming countries, lower production than in 1961-62, and relatively stable total mill use...In 1963, total domestic wool consumption in U. S. probably will be about same as in 1962.

WHEAT--Disappearance in 1962-63 marketing year is expected to be substantially less than a year earlier, with all of decline in exports...They may be no larger than 600 million bushels...This level would be 15 percent below record 718 million bushels in 1961-62...Domestic use will be around 600 million bushels, about same as in most recent years...Carryover next July 1 is expected to be 1,200 million bushels, 100 million less than on July 1, 1962.

Farmers signed up to divert 5.2 million acres of winter wheat under voluntary 1963 program...Most are expected to comply--price support eligibility, production and diversion payments are forfeited otherwise.

Assuming total diversion of 7 million acres of spring wheat and continuation of uptrend in per-acre yield, a crop of about 1,225 million bushels would be produced in 1963.

FEED GRAINS--Total supply for 1962-63 now is estimated at 215 million tons, 5 percent less than in 1961-62...Total disappearance continued heavy in October-December 1962, although it was below the 1961 record high for that quarter...Carryover into 1963-64 will be around 15 percent below the 72 million tons carried over into 1962-63, assuming domestic disappearance and exports combined at about 155 million tons, same as in 1961-62.

FATS AND OILS--Food fat supplies for 1962-63 marketing year (begun last October 1) are estimated at record 16.6 billion pounds, in terms of oil...This represents about a 5 percent rise above the 15.8 billion pounds available last year...Increases in both domestic use and exports are expected to result in total disappearance 8 percent above 1961-62 and an all-time high...Carryover stocks of all food fats on October 1, 1963, may be down about 5 percent from 2.6 billion pounds (including shortening, cooking and salad oils, and oil equivalent of soybeans) on same date last year...Decrease reflects mainly reduction in inventories of finished products...Exports of food fats (including oil equivalent of soybeans) in 1962-63 are expected to reach new peak of around 4.8 billion pounds compared with 4.1 billion in 1961-62.